



Testimony of Ted Doolittle
Office of the Healthcare Advocate
Before the Insurance and Real Estate Committee
Re SB 925
March 7, 2017

Good afternoon, Senator Larson, Senator Kelly, Representative Scanlon, Representative Sampson, and members of the Insurance and Real Estate Committee. For the record, I am Ted Doolittle, Healthcare Advocate. The Office of the Healthcare Advocate ("OHA") is an independent state agency with a three-fold mission: assuring consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

I appreciate the opportunity to comment on SB 925, An Act Concerning the Cost of Prescription Drugs and Value-Based Insurance Design. In recent years, Connecticut has made significant progress in improving the transparency of health care costs for consumers and policymakers, primarily by increasing the information that is publicly available regarding provider services. Despite these recent improvements, however, substantial information remains elusive regarding the overall costs of healthcare, and in particular those costs associated with the wholesale and retail distribution of pharmaceuticals. It is no secret that the aggregate cost of healthcare in the United States far exceeds the cost of care available in any other industrialized nation and this disparity has been driven, in part, by rapidly increasing prescription drug costs.

At its heart, SB 925 seeks to further illuminate the impact of prescription drug cost growth by requiring pharmaceutical manufacturers that sell or distribute drugs in Connecticut to disclose certain cost and pricing information regarding their products. This additional layer of transparency, in combination with other cost information published by healthcare providers and carriers, will assist consumers in our state to make rational, data-based decisions regarding healthcare policies, and thus may contribute towards moderating inflationary healthcare costs. Although this bill does not encroach on drug manufacturers' autonomy to set their own pricing structures, the additional transparency contemplated by SB 925 represents an enormous step toward aligning our healthcare policies more closely with other competition-driven consumer marketplaces.

The Office of the Healthcare Advocate also supports the concept of value-based insurance design and looks forward to working with this Committee, as well as other stakeholders including consumers, providers, carriers and state agencies, to continue, whenever appropriate, the incorporation of value-based features into both public and private health insurance programs available to Connecticut consumers.

No public policy regarding drug pricing can meet the needs of the consumers of this state unless both costs and effectiveness are explicitly taken into account. Thus, OHA strongly urges this General Assembly in the area of prescription drug costs, and any studies thereof that may be undertaken pursuant to the proposed bills, to incorporate principles of value-based pricing, including specific techniques such as reference pricing, which take into account the evidence-based clinical effectiveness of drugs for the specific condition being treated. Simply put, drugs proven to be of similar clinical effectiveness for a particular condition should be priced similarly, while only breakthrough drugs with dramatically higher clinical effectiveness than competitive drugs are entitled to dramatically higher prices.

Thank you very much for your consideration of this testimony. If you have any questions concerning our position on this issue, please feel free to contact me at Ted.Doolittle@ct.gov.